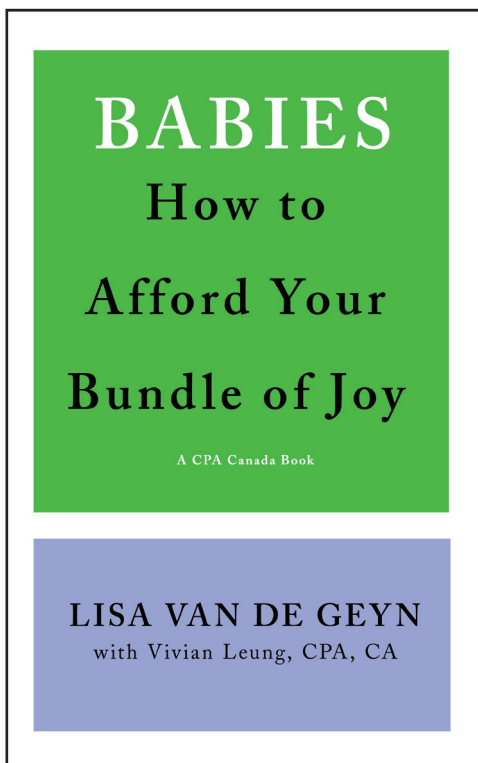


Excerpt from ***Babies: How to Afford Your  
Bundle of Joy***  
by Lisa van de Geyn, with Vivian Leung



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## CHAPTER 1

### So You're Going To Have a Baby!

You've taken the pregnancy tests, made the big announcement, and you've probably caught a glimpse of your baby on a sonogram. You're taking prenatal vitamins, designing the nursery, and mulling over potential girls' and boys' names. If you're like the majority of Canadians, there are probably a few things you haven't added to your pre-baby to-do list:

- put together a baby budget
- figure out your expenses
- think about what parental leave will mean to your bank account

This is an exciting time — you'll soon be holding your bundle of joy! But get ready: he or she will also require a bundle of cash.

#### How Much Does It Cost to Raise a Child Today?

That's a tough one. In September 2013, the Fraser Institute set out to answer this convoluted question in their report *The Cost of Raising Children*, authored by Christopher A. Sarlo. Before the author's analysis of expenses and scenarios, he came to one important conclusion: it would be virtually impossible to determine the cost of a child using one simple formula. In fact, he wasn't able to arrive at an "official cost of children or methodology to determine this very important calculation."

The report went on to look at other published estimates over

the years.

- In 2011, in an issue of MoneySense magazine, an article entitled “The real cost of raising kids” gave a well-researched dollar amount for raising a child from birth to age nineteen: \$12,825 per year, for a total of about \$243,660.
- In 2015, Statistics Canada found, according to average household expenditures, that the total spending of couples with children versus couples without children was \$117,386 and \$82,945 respectively, suggesting families with kids spent \$34,441 more than their childless counterparts. This figure didn’t answer “how much do kids cost?” but simply showed the difference in expenditures between these two groups, and it may not have addressed the variables, including the spending changes which arise when a baby arrives (e.g., their research showed that parents tend to spend less on going to restaurants and more at the grocery store when a child is born).

The Fraser Institute’s report reached a figure much less daunting than others that have been published: only \$3,000 to \$4,000 a year. It’s important to note that the author came to this conclusion by excluding child care from the findings and basing the annual expenditure on parents being very careful with their money (e.g., growing their own vegetables, using coupons religiously, and looking for hand-me-downs).

While there doesn’t seem to be one specific amount of money experts will agree on, there are no two ways about it — raising kids definitely costs a pretty penny. The good news is that while having a baby will be an expensive endeavour, there are trade-offs you can make to your lifestyle to make having a baby — and the price tag attached to it — more manageable.

I have a confession to make: I didn't know what I was getting into financially when I had my first daughter back in 2008. Like most parents-to-be, my husband and I got wrapped up in the sheer excitement of the pregnancy — and all the shopping for baby gear! We knew our bank account would take a hit when I went on maternity leave, but we were, well, oblivious to just how difficult it would be to make ends meet. I didn't know nearly enough about how maternity leave and employment insurance worked. We didn't prepare — we didn't budget, we didn't try living off less money, we didn't work to pay off credit cards. The problem was that we didn't really change anything, and that was foolish.

Which brings me to my second confession: We obviously didn't learn from our first pregnancy, because two years and three days later, when we were in the same position and our second daughter was born, we weren't even remotely financially ready. In fact, things got even harder. We had already experienced a year of maternity leave and employment insurance, and we were about to enter into the same scenario — another year without one full-time salary. Not only did we not try to modify our spending habits and behaviour when I was pregnant, we didn't change anything when we were one income down. It's not like we have a lavish lifestyle, but we should've been careful and, dare I say, stingy — we should've cut down on our spending the first time, especially knowing we were hoping to have two kids fairly close together. But you know what they say — hindsight is 20/20. If I'd known then what I know now, I would've found a budget template and sought the help of a financial expert to get us on the right track.

In the chapters that follow, you'll find plenty of ways you can save a few dollars. To give you the most bang for your buck, and to ensure you get the most up-to-date, knowledgeable advice out there, I turned to a handful of financial experts for help. The

chartered professional accountants you'll meet are well versed in everything from the benefits of setting up Registered Education Savings Plans (RESPs) and what maternity and parental leave will mean when it's tax time to the payments you're entitled to from the government after you deliver your baby and advice on getting by on employment insurance.